

AMENDED IN SENATE MARCH 31, 1997

SENATE BILL

No. 30

Introduced by Senator Maddy

December 2, 1996

An act to amend Section 5151 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 30, as amended, Maddy. Property taxation: refunds: interest rate.

Existing property tax law generally requires that interest be paid at the greater of either 3% per annum or the "county pool apportioned rate," as defined, on any amount that is refunded to a property taxpayer. Existing law also provides that this general requirement does not apply to interest payable on *refunds of* those amounts of tax that became due and payable before March 1, 1993, and provides for interest to be paid at the rate specified prior to January 1, 1993, in the case of the refund of a tax that became due and payable prior to March 1, 1993, and was not refunded as of April 6, 1995.

This bill would eliminate ~~these latter provisions and would instead provide for interest to be paid at the "county pool apportioned rate," as defined, on property tax~~ the exclusion from general interest rate provisions for refunds of property taxes that ~~themselves~~ became due and payable prior to March 1, 1993, and would provide for interest to be paid at the rate specified prior to January 1, 1993, for refunds that ~~themselves~~ become due and payable prior to March 1, 1993, and had not yet been made as of April 6, 1995. ~~This bill would also provide~~

~~for interest to be paid at the rate specified prior to January 1, 1993, on refunds that become due and payable on or after April 7, 1995, and have not yet been made as of January 1, 1998.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5151 of the Revenue and
2 Taxation Code is amended to read:

3 5151. (a) ~~Subject to subdivision (b);~~ *Except as*
4 *otherwise provided in subdivision (b),* interest at the
5 greater of 3 percent per annum or the county pool
6 apportioned rate shall be paid, when that interest is ten
7 dollars (\$10) or more, on any amount refunded under
8 Section 5096.7, or refunded to a taxpayer for any reason
9 whatsoever. However, no interest shall be paid under the
10 provisions of this section if the taxpayer has been given
11 the notice required by Section 2635 and has failed to apply
12 for the refund within 30 days after the mailing of that
13 notice. For purposes of this section, “county pool
14 apportioned rate” means the annualized rate of interest
15 earned on the total amount of pooled idle funds from all
16 accounts held by the county treasurer, in excess of the
17 county treasurer’s administrative costs with respect to
18 that amount, as of June 30 of the preceding fiscal year for
19 which the refund is calculated. For each fiscal year, the
20 county treasurer shall advise the Controller of the county
21 pool apportioned rate, and of computations made in
22 deriving that rate, no later than 60 days after the end of
23 that fiscal year.

24 (b) ~~In the case of a refund~~ *Interest on refunds* that
25 became due and payable before March 1, 1993, and had
26 not been made as of April 6, 1995, ~~interest shall be paid~~
27 ~~at the “county pool apportioned rate” as defined in~~
28 ~~subdivision (a). In the case of a refund that became due~~
29 ~~and payable on or after April 7, 1995, and has not been~~
30 ~~made as of January 1, 1998,~~ interest shall be paid at that
31 rate provided for by this section as it read prior to January
32 1, 1993. This subdivision shall not be construed to affect

1 the interest paid on refunds that became due and payable
2 before March 1, 1993, and have been made as of April 6,
3 1995, ~~or to affect the interest paid on refunds that become~~
4 ~~due and payable on or after April 7, 1995, and have been~~
5 ~~made as of January 1, 1998.~~

6 (c) (1) The interest computation period shall
7 commence with the date of payment of the tax when any
8 of the following apply:

9 (A) A timely application for reduction in an
10 assessment was filed, without regard to whether the
11 refund ultimately results from a judgment or order of a
12 court, an order of a board of equalization or assessment
13 appeals board, or an assessor's correction to the
14 assessment roll.

15 (B) The refund is pursuant to a roll correction
16 resulting from the determination or adjustment by the
17 assessor or a local assessment appeals board of a base year
18 value.

19 (C) The refund results from a correction to the
20 assessment roll pursuant to Section 4831 or 4876.

21 (2) Interest on refunds of taxes on property acquired
22 by a public agency in eminent domain shall accrue from
23 the date of recordation of the deed.

24 (3) In all other cases the interest computation period
25 shall commence on the date of filing a claim for refund or
26 payment of the tax, whichever is later. However, in the
27 event of the granting of property tax relief pursuant to
28 Section 69, 69.3, or 170, interest is not payable on any
29 resulting refund of taxes, provided that payment of that
30 refund of taxes is made within 120 days after the county
31 assessor has sent authorization for the reduction to the
32 county auditor.

33 (d) The computation of interest shall terminate as of
34 a date within 30 days of the date of mailing or personal
35 delivery of the refund payment.

36 (e) The interest charged shall be apportioned to the
37 appropriate funds, as determined by the county auditor.

1 (f) The amendments made to this section by the act
2 adding this subdivision shall apply to all refunds made
3 after January 1, 1997.

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